2002

ANNUAL REPORT

PRINCE EDWARD ISLAND

MARKETING COUNCIL

105-07021/

PRINCE EDWARD ISLAND MARKETING COUNCIL

The Prince Edward Island Marketing Council is a statutory body established under the *Natural Products Marketing Act*, R.S.P.E.I. 1988, Cap. N-3. The Council is responsible for the general supervision of commodity boards, marketing commissions and commodity groups established under the Act.

As of December 31, 2002, the Prince Edward Island Marketing Council consisted of the following members and staff:

Kenneth MacLellan, Chairman
Ronald Myers, Member
Murray Cook, Member
Gordon Ching, Member
Rena Thompson, Member
Edgar Dennis, Member
Fred Dollar, Member
Axel Irving, Member

Charles Coles, Marketing Council Officer
Eleanor Richard, Staff

Marketing Council held fourteen meetings in 2002, including one conference call, and continued to keep abreast of issues facing the commodity boards, providing assistance when requested.

In 2002, requests from producers came forward to Marketing Council for the formation of a separate seed potato board, and a separate tablestock potato board. Council met with the groups putting forward the request, the Potato Board, and other producer groups. In November, 2002, Council asked the parties involved to consider mediation as a means of resolving the dispute.

Council approved the formation of the PEI Oyster Commodity Group under Part III of the Natural Products Marketing Act. In addition, approval was granted to change the name of the PEI Egg Commodity Marketing Board to the Egg Producers of Prince Edward Island.

Marketing Council participated in the development of a revised Federal Provincial Agreement for Eggs. It has been circulated to signatories, and is expected to be signed late in 2003.

Marketing Council conducted milk utilization audits of milk processing plants. As well, Council and staff performed routine duties such as liaising with national agencies, conducting elections, regulating fluid milk prices and providing general supervision over the boards, commissions and commodity groups.

During the course of the year, Council met with Directors and senior staff of two Boards and one Commodity Group.

APPEALS TRIBUNAL

The Natural Products Appeals Tribunal is a statutory body established under the *Natural Products Marketing Act*. It is responsible for hearing appeals of decisions made by commodity boards, marketing commissions and the Marketing Council.

As of December 31, 2002, the Natural Products Appeals Tribunal consisted of the following members and staff:

Donald MacDonald, Member
Colbourne Clow, Member
Belinda Rogers, Member

Dianne Bradley, Staff

During 2002, there were no appeals heard by the Appeals Tribunal.

COMMODITY BOARDS

Commodity boards are established by regulations made pursuant to the *Natural Products Marketing Act.*

There are five commodity boards organized under the Act. The following provides a brief overview of each of these boards.

EGG PRODUCERS OF PRINCE EDWARD ISLAND

As of December 31, 2002, there were 15 registered producers. The board of directors of the Egg Producers of Prince Edward Island are:

Peter Vriends, Chair
Leith Murray, Vice-Chair
Donald Drake, Secretary
Don Burns, Director
Peter Stavert, Director

Murray Myles, General Manager

Provincially, the egg industry enjoyed growth during 2002, with a 16% increase in farm cash receipts, partially due to increased quota placements.

On the national stage, the Canadian Egg Marketing Agency revised Federal-Provincial Agreement for Eggs has been circulated to signatories, and a new agreement is expected to be signed later in 2003.

Late in 2002, Cabinet approved the Board to change its name to the Egg Producers of Prince Edward Island. The change was made to reflect modern technology, and is consistent with names used by many other Boards in this and other provinces.

The marketings for the year were approximately 3.0 million dozen eggs. Approximately 1.65 million dozen were consumed provincially and 1.35 million dozen were exported to Quebec breaking plants for industrial egg products. Gross farm cash receipts from eggs were approximately $4.2 million dollars, up from $3.7 million the year previous. The Egg Board continues to purchase administrative support from the Milk Marketing Board.

HOG COMMODITY MARKETING BOARD

As of December 31, 2002, there were approximately 170 hog producers. The Hog Commodity Marketing Board consisted of the following persons:

Rodney Dingwell, Chairman
Ian Mutch, Vice-Chairman
Guy Cudmore, Secretary-Treasurer
Robert Cousins, Director
Willem deBoer, Director
Mark Pridham, Director

Robert Harding, Executive Director

The Board establishes a weekly market price for all hogs produced in Prince Edward Island and calculates a suggested price for weanlings based on this market price. The Board also licences new producers entering the industry, and licenses processors, assemblers, and transporters of hogs within the province.

The Board administers and actively participates in pork promotion and educational programs with consumers, retailers, foodservice and health professionals on a provincial, regional and national basis.

The Canadian Quality Assurance (CQA®) program, our on- Farm HACCP-based food safety program, has been taken up by most hog producers. As of year end, 2002, virtually all of PEI production was enrolled in CQA, and well over half has been validated.

The Board also established PEI Pork Plus in 2002, a separate company with the mandate of pursuing value-added opportunities for the industry. One such opportunity was the development and launch of Summerside Farms Pork, in partnership with FoodTrust of PEI. This premium pork is grown under a specified sustainable production system.

In 2002, the hog industry produced over 217,000 market hogs, with farm cash receipts of $30.0 million.

MILK MARKETING BOARD

As of December 31, 2002, there were 290 dairy producers. The board of directors of the Milk Marketing Board consisted of:

Randall Affleck, Chair
Harold MacNevin, Vice-Chair
Ronald Maynard, Secretary
Gary Hughes, Treasurer (Cream Rep.)
Eric Phillips, Director
Gordon Furness, Director
Ian McIsaac, Director
Exton MacPherson, Director
Casey Van Diepen, Director

Murray Myles, General Manager

The on-going trade dispute among Canada, New Zealand and the United States came to a conclusion in 2002. The United States and New Zealand successfully argued before a World Trade Organization Appellate Body that Canada is providing subsidies on milk delivered by producers to processors on a contractual basis. Approximately 100 P.E.I. producers that routinely entered into contracts with processors to deliver milk for the export market will be affected by the decision.

The volume and value of quota traded on the Milk Quota Exchange during the year ended July 31, 2002 was up sharply compared to the previous year. The value traded was up 69.3%, while the volume was up 56.7%.

The Milk Marketing Board also dealt with routine matters such as producer quota transfer requests, establishment of producer quotas and involvement in a number of provincial and national committees. National committees included the Canadian Milk Supply Management Committee, the All Milk Pool Supervisory Body and Dairy Farmers of Canada.

The Board hired a Coordinator to implement a Quality Milk Assurance Pilot Project that currently encompasses more than 10% of the Island dairy producers. During 2003 the program will be expanded and ultimately all producers will be urged to participate in the program. Later this year this program is expected to be recognized by the Canadian Food Inspection Agency as the on-farm component of a HACCP program for the dairy industry.

Farm cash receipts for the P.E.I. dairy industry from milk sales in 2002 for the domestic market were approximately $56.5 million dollars with 93.7 million litres of milk produced.

POTATO BOARD

As of December 31, 2002, there were approximately 550 potato producers. The board of directors of the Potato Board consisted of:

Bertram Webster, Chairman
Stuart Affleck, Vice-Chairman
Rodney Dingwell, Secretary-Treasurer
Wayne Diamond, Director
Dwight Gardiner, Director
Ivan Noonan, General Manager
John Wallace, Director
Harris Callaghan, Director
Ross Lewis, Director
Barry Gallant, Director

Prince Edward Island Potato production rebounded to more normal levels in 2002, following the devastating drought in 2001. Total provincial production of potatoes amounted to 29,160,000 hundredweight, on approximately 107,000 acres.

The Potato Board again devoted time and energy to environmental issues in 2002. Well attended grower information meetings were held across the Island, to discuss fish mortality and buffer zone legislation. In response to the Board's lobbying efforts for more environmentally friendly crop protectants, potato industry representatives in PEI and New Brunswick are working with federal and provincial officials from several departments, pesticide manufacturers and others on the development of an Integrated Pest Management Strategy for potato production in P.E.I. and New Brunswick.

Farm cash receipts were reported as $194 million, a change of 54% from the previous year level of $126 million (which reflected the impacts of the potato wart crisis and the 2001 drought). The Board licensed seventy four (74) dealers and seven (7) exporters in 2002.

Poultry Meat Commodity Marketing Board

Leonard Carver - Chairman
David MacKenzie - Secretary
Dean Good - Director
Katherine MacPhail - Director
Adrian Uyterlinde - Director
Andre Merks - Director
Kevin Carver - Director
Janet Hilliard -Murphy - General Manager

In 2002, P.E.I.'s seven (7) farmers produced over 3.3M kilograms of chicken meat during the year. This represents over $5.3M farm gate.

Live paying prices to producers however have seen a 3.5% decrease from the previous year.

In July 2002, Chicken Farmers of Canada was the first commodity to receive "technical recognition" for their "Safe, Safer, Safest" food safety program. P.E.I. producers continue to work towards the implementation of the On Farm Food Safety Program. Additionally the chicken sector here in P.E.I. completed the identification of all broiler facilities in the province in compliance with the Foreign Animal Eradication Program.

MARKETING COMMISSIONS

Marketing Commissions established by regulations made pursuant to the *Natural Products Marketing Act.*

There is one marketing commission organized under the Act:

TURKEY MARKETING COMMISSION

This Commission remains inactive.

COMMODITY GROUPS

Commodity groups are established by order of the Minister of Agriculture and Forestry pursuant to the *Natural Products Marketing Act.*

The powers of a commodity group are restricted to collecting a refundable levy from producers, with the objectives of facilitating the interchange of information among producers, promoting better means of commodity production and marketing and promoting the use of the commodity.

There are presently three commodity groups organized under the Act.

WILD BLUEBERRY GROWERS ASSOCIATION INC.

As of December 31, 2002, the board of directors of the Association consisted of:

John MacDonald, President
Tom Matheson, Secretary
Leigh Jenkins, Treasurer
Glen Saunders, Director
John Handrahan, Director
Daniel Cormier, Director
Reg Trainor, Director
James Stewart, Director
Kevin Carver, Director

The levy is collected through a check-off system administered by the processors purchasing the P.E.I. crop. The funds raised by the levy assist the Association in providing information to blueberry producers, promoting better means of commodity production and marketing, and encouraging and promoting the use of the wild lowbush blueberry.

Among the projects funded in 2002 were a tour of Nova Scotia blueberry areas, an I.P.M./Marketing Information Session for P.E.I. growers, and a collaborative project with the Atlantic Veterinary College.

There were approximately 4.3 million pounds of P.E.I. wild lowbush blueberries marketed in 2002, with a farm cash receipt value of approximately $1.53 million. Total P.E.I. acreage (including prune fields, crop fields, and developing fields) is approaching 12,500 acres.

P.E.I. OYSTER COMMODITY GROUP

During 2002, Council approved the formation of the P.E.I. Oyster Commodity Group under Part III of the Natural Products Marketing Act.

Dennis Enman, Chair
John McInnis, Director
Manny Gallant, Director
Dennis Barriault, Director
Bill Murley, Director
Clifford Bernard, Director
Ivan Taylor, Director
Blair Smith, Director
Murray Perry, Director

This Commodity Group is in a formative stage, and has developed a levy structure to support a goal of marketing and promoting the oyster industry.

CATTLEMEN'S ASSOCIATION INC.

As of December 31, 2002, the board of directors of the Prince Edward Island Cattlemen's Association Inc. consisted of:

Darlene Sanford, President
Barry Clohossey, Vice President
Glen Campbell, Secretary-Treasurer
Duane MacDonald, Director
Dan MacLure, Director
Gerry Richard, Director
Susan Hughes Rowan, Industry Development Officer

The Cattlemen's Association participated in several significant issues in 2002. The closure of the beef kill line at Hub Meat Packers fast-tracked a feasability study of a new plant in the Maritime region. The decision was made to locate the facility on Prince Edward Island.

Atlantic Tender Beef Classic won the Canadian Council of Grocery Distributers Canadian Grand Prix Award for best new product in May, 2002.It was chosen for its taste, quality, and benefit to consumers.

A five year strategic plan is being formulated by the association, however the planning process was delayed in order to factor the loss of the kill plant into the future of the industry and ultimately the association.

The Association and the Milk Marketing Board, with support from government, continue to fund an Island - wide dead stock removal service.

The levy rate changed during the year, increasing from $1.50 to $4.00 per head. Cow-calf producers are now participating in the levy by contributing $2.00 of that $4.00.

There were approximately 24,500 head of cattle marketed in 2002, with a farm cash receipt value of approximately $25.7 million.